

MICHIGAN AERONAUTICS COMMISSION

Minutes of Meeting

Lansing, Michigan

May 30, 2007

Pursuant to Section 31 of Act 327 of the Public Acts of 1945, the Commissioners of the Michigan Aeronautics Commission (MAC), created by said act, met in the Michigan Aeronautics Auditorium, 2700 E. Airport Service Drive, on Wednesday, May 30, 2007, commencing at the hour of approximately 10:00 a.m.

Members Present

James Collins, Chairman
Joyce Woods, Vice Chair
Terry Everman, Commissioner
Sidney Adams, Jr., Commissioner
J. William Prochazka, Commissioner
Leon Hank, Designee - MDOT
Richard Elliott, Designee – DMVA
Dennis Fedewa, Designee – MDNR
Daniel Atkinson, Designee - MSP
Rob Abent, Commission Director

Members Absent

None

Also Present

Ray Howd, Assistant Attorney General

Staff

Barbara Burris, Executive Division
Rick Hammond, Airports Division
Pauline Misjak, Aviation Services
David Baker, Airports Division
Linn Smith, Airports Division
Mark Noel, Airports Division
Tom Krashen, Aviation Services

A list of all others present is attached to the official minutes.

I. OPENING REMARKS

The May 30, 2007, Aeronautics Commission meeting was called to order by Chairman James Collins at 10:00 a.m. He welcomed guests in attendance. He recognized the attendance of a new Commissioner, Mr. Dennis Fedewa, Chief Deputy Director for the Department of Natural Resources. Mr. Fedewa replaces Mindy Koch as the designee for DNR Director Rebecca Humphries. He asked Mr. Fedewa to provide a brief biography.

Commissioner Fedewa spoke of a prior association with Commissioner Hank and Director Abent through employment in the House Fiscal Agency. After several years with the Department of Environmental Quality, he was appointed to the position of Chief Deputy Director for the Department of Natural Resources. Anecdotally, he noted that although he had not received his pilot's license he had completed ground school.

II. COMMISSION BUSINESS

A. Minutes of March 29, 2007

Turning to the agenda, the Chairman asked whether there were any changes or corrections to Exhibit A, the minutes from the meeting of March 29.

Commissioner Fedewa highlighted an error on page 2 of the minutes where it indicates that Commissioner Elliott represents the Department of Natural Resources. The original minutes will be corrected to read that Commissioner Elliott represents the Department of Military and Veterans Affairs.

Subject to the changes noted, the Chairman entertained a motion to approve the Minutes of March 29, 2007.

It was moved by Commissioner Adams, with support from Commissioner Woods, to approve the Minutes of March 29, 2007. By unanimous voice vote, the MOTION CARRIED.

The Chairman called on Funding Manager David Baker to present the 36 projects pending Commission approval.

B. Federal/State/Local Projects

Airport Name & Associated City/County	Project Description	Federal \$	State \$	Local \$	Total \$
Gratiot Community Alma	Construction of runway 9/27 and parallel taxiway rehabilitation	417,583	91,346	13,050	521,979
Huron County Bad Axe	Hangar area site development; Jet A fuel farm expansion; apron strengthening	374,757	81,978	11,711	468,446
W.K. Kellogg Battle Creek	Design of new maintenance/SRE facility	560,000	122,500	17,500	700,000
W.K. Kellogg Battle Creek	Noise Compatibility Study	600,000	15,789	15,790	631,579
James Clements Bay City	Construction of 10-unit T-hangar	389,600	85,225	12,175	487,000
Beaver Island Beaver Island	Crack sealing and paint marking	20,800	4,550	650	26,000
Wexford County Cadillac	Design of runway 7/25 rehabilitation	83,600	18,287	2,613	104,500
Clare Municipal Clare	Construction of SRE building and runway 4 threshold relocation; SRE	224,000	49,000	7,000	280,000
Branch County Memorial Coldwater	Rehabilitation of runway 7/25 MIRL, REIL & PAPI installation, new electrical vault, crack sealing	126,000	27,562	3,938	157,500
Coleman Young Municipal Detroit	Paint marking (reimbursement) & crack sealing var. airport pavement	128,000	28,000	4,000	160,000
Detroit Metro-Wayne Cty. Detroit	Rehabilitate Rwy 3R/21L, north terminal VALE equip. & residential sound insulation	33,404,015	0	10,703,939	44,107,954
Willow Run Detroit	Noise Study, ARFF vehicle, wildlife fencing, RSA improvements	4,607,594	121,252	121,252	4,850,099
Dowagiac Municipal Dowagiac	Construction of taxiway pavement rehabilitation	252,000	55,125	7,875	315,000
Evart Municipal Evart	Runway 24 approach survey, clearing & threshold relocation; Part 405 survey for nonprecision approaches, crack sealing, paint marking, design of terminal bldg.	150,000	32,812	4,688	187,500

Airport Name & Associated City/County	Project Description	Federal \$	State \$	Local \$	Total \$
Grayling Army Airfield Grayling	Construction of civilian entrance road, parking lot, apron, connector twy & taxi streets for T-hangars; construct 8-unit T-hangar & GA terminal	150,000	32,812	4,688	187,500
Grosse Ile Municipal Grosse Ile	Design for rehabilitation of midfield parallel taxiway system, incl. MITL & electrical vault	40,000	8,750	1,250	50,000
Hillsdale Municipal Hillsdale	Land acquisition	2,150,000	470,312	67,188	2,687,500
Ionia County Ionia	Construct hangar taxi streets	128,000	28,000	4,000	160,000
Ford Iron Mountain	SRE plow truck	300,000	65,625	9,375	375,000
Ford Iron Mountain	Perimeter fencing, drainage improvements & runway threshold paint marking	77,606	16,976	2,426	97,008
Gogebic-Iron County Ironwood	Construct taxi street & hangar area site prep – phase I	110,000	24,062	3,438	137,500
Jackson County-Reynolds Field Jackson	Runway 14/32 extension – phase I; Part 405 survey	1,520,000	332,500	47,500	1,900,000
Schoolcraft County Manistique	Runway 1/19 rehabilitation	304,334	66,573	9,511	380,418
Jack Barstow Midland	AWOS	108,000	23,625	3,375	135,000
Luce County Newberry	Construct 6-unit T-hangar; assoc. site work for T-hangar & box hangar; Jet A fuel installation	407,775	89,201	12,743	509,719
Oakland/Southwest New Hudson	Rehabilitate existing parallel & connector taxiway	48,000	10,500	1,500	60,000
Jerry Tyler Memorial Niles	Design of runway 14/32 pavement rehabilitation	19,200	4,200	600	24,000
Ontonagon County-Schuster Ontonagon	Wildlife habitat removal	150,000	32,812	4,688	187,500
Oscoda-Wurtsmith Oscoda	Construction rehabilitation of Taxiway E; paint marking; crack sealing	279,600	61,162	8,738	349,500
Oakland County Intl. Pontiac	SRE broom	416,000	52,513	12,013	480,526

Airport Name & Associated City/County	Project Description	Federal \$	State \$	Local \$	Total \$
Oakland County Intl. Pontiac	Noise mitigation – residential sound insulation program (completes '03 program)	2,317,744	128,763	128,764	2,575,271
Romeo State Romeo	Administration area site preparation & terminal apron; fuel farm	608,520	299,364	27,766	935,650
H.W. Browne Saginaw	Rehabilitation of runway 5/23 & MIRL	480,000	105,000	15,000	600,000
MBS International Saginaw	Land acquisition for terminal supplemental to 3/29/07 transfer	665,000	17,500	17,500	700,000
Three Rivers Municipal Three Rivers	Design of taxiway to west air industrial park; crack sealing	64,000	14,000	2,000	80,000
White Cloud White Cloud	Additional land acquisition costs for parcels 4, E7-E14	112,000	24,500	3,500	140,000
Totals		51,793,728	2,642,176	11,313,744	65,749,649

The Chairman entertained questions from the Commissioners.

In response to a query from Commissioner Everman, Mr. Baker explained that revenues from the T-hangars at the James Clements Airport would revert back to the airport for operational expenses, such as snow removal, grass mowing, crack sealing and other operational maintenance. General aviation airports that receive federal entitlement funds have the option of using those funds to build hangars; however, due to the low priority of hangars, priority is given to other, more pressing needs. The airport's five-year plan and property maps are considered in determining how funds will be used. Hangars are deemed to be of low priority.

With regard to Hillsdale, Commissioner Everman inquired as to the rationale for the 1000-foot extension.

Mr. Baker explained that the extension is based on a user survey of current operations. He cited the large number of business jets and traffic associated with the college.

With respect to Ontonagon, Commissioner Fedewa asked Mr. Baker to elaborate on the project to remove wildlife habitat.

Mr. Baker advised that when bird and deer strikes and other near misses are documented at an airport, the Department of Agriculture will conduct a wildlife study and recommend a solution. He indicated that the number one recommendation is removal of the habitat. The Department of Agriculture coordinates with the Department of Natural Resources on these decisions.

Commissioner Woods inquired whether the federal/state/local funds listed for the project at the Coleman A. Young Airport would be a federal entitlement fund reimbursement.

Mr. Baker explained that the project was completed in '05 with local funds. The airport is now getting reimbursement through federal/state/local entitlement funds.

There being no further questions, the Chairman asked Mr. Baker to continue with the supplemental transfers.

Mr. Baker identified one supplemental transfer signed by Director Abent in accordance with Commission Policy regarding Supplemental Transfers:

Saginaw County H.W. Browne: A 1.4 percent increase in federal/state/local funds has been approved to fund the additional drainage and bituminous paving to facilitate proper drainage for the terminal apron. The original cost of \$421,000 is increased by \$6,000, resulting in a total project cost of \$427,000.

No official action is required on the supplemental transfers.

The Chairman entertained a motion to approve the 36 transfers identified by Mr. Baker.

Whereupon it was moved by Commissioner Adams, with support from Commissioner Prochazka, to approve the 36 transfers presented. By unanimous voice vote, the MOTION CARRIED.

In a departure from the agenda, the Chairman called on Commissioner Leon Hank for a briefing on the state budget.

Director Abent interjected on the Chairman's behalf that Mr. Hank not only represents the Department of Transportation but also serves as the Chief Administrative Officer for the department; that in light of time constraints, Mr. Hank's report, intended to be part of the Director's Report, was advanced on the agenda.

With the aide of PowerPoint, Mr. Hank provided the following report:

What in the World is going on with the State Budget?

Mr. Hank noted that the budget crisis the state is facing is unprecedented. He stated that he himself had been through several cycles of highs and lows, where the state has weathered a recession -- in the late '70s, '80s, and '90s -- but that this is by far the worst.

The entire state budget is about \$40 billion. It's important to note, however, that only a small

amount, in the range of \$8 billion to \$10 billion, is discretionary in nature. Much of the \$40 billion pot is restricted (aeronautics and transportation—roads and bridges—and federal dollars for programs such as Medicaid and health care), moneys that cannot be utilized to fix the current budget because they are dedicated to specific purposes.

On comparing today's numbers to seven years ago, the budget is down approximately 16 percent. On comparing the budget to that of the four previous administrations, adjusting for inflation, one sees that the prior three governors had between \$11 billion and \$12 billion to work with. (Discretionary funds cover such things as the Department of Corrections, revenue sharing money for local government police and fire protection, higher education funding, and all other unrestricted programs.) Setting aside restricted programs, all general operations are covered by this \$8 billion slice of discretionary funding. Upon factoring in declining revenues, in real dollars the reduction amounts to about 40 percent.

Commissioner Hank compared the current number of state employees to years previous. In 1980, employment numbers peaked at almost 70,000. The Corrections Department employed just over 5,000. In 1990, the number of employees, outside of Corrections, was about 64,000, and Corrections employees nearly tripled in size to 13,365. In 2002, the number of state employees outside of Corrections decreased by about 10 percent. The number of Corrections employees increased by approximately 4,000 employees. The number of state employees in 2007 has decreased to approximately 53,000, with almost 17,000 Corrections employees. The net number of employees in state government today, outside of Corrections, is about 37,000, or approximately 40 percent less when compared to 1980.

To explain the state's cash problem, Commissioner Hank again used a slide. In 2000, when the state had a \$40 billion budget, the state had approximately \$5.5 billion in its checking account. In the last fiscal year, 2006, that account was down to \$1.5 billion. The state's cash balance is way down today, to approximately \$100 million, and projections for the next few months show a continued decline and not enough money to pay the state's bills. This, he indicated, is a huge concern for the Governor and the Legislature.

The Governor has issued a number of Executive Orders and asked all departments to cut spending as much as possible. There is great concern over the cash balance, and a huge budget battle is ongoing. Most of the FY 07 problems have been resolved through postponing payments to FY 08, but the state still has an approximately \$200 million shortage for this fiscal year. MDOT has been asked to come up with a contingency plan, should state government have to shut down for any length of time. The Department has put together such a plan. (No specific details on this plan were identified.) The bottom line, he noted, is that the state will pay only for essential expenses (all expenditures will be closely scrutinized) and, where possible, payments will be delayed to retain as much as possible in the state's checking account and minimize cash-flow. The department's money is restricted; however, it flows into the main account and flows out temporarily for use in other areas. All construction work for the department will continue on schedule, but any discretionary payouts will be delayed.

Commissioner Hank invited questions.

With respect to the Governor's Directives, Commissioner Fedewa queried whether the constraints on spending and reimbursements would apply to airport improvement projects, such as those described by Mr. Baker, and whether there would be a 45-day waiting period for reimbursement of contractors.

Director Abent clarified that the airport improvement funds are appropriated through the Capital Outlay bill, as opposed to the operating bill; that for the most part, Capital Outlay appropriations are exempted from the Executive Orders.

The Department of Natural Resources, Commissioner Fedewa offered, has been given a little different direction, in that Capital Outlay projects may proceed, due to their job-generating nature, but processing of reimbursement will be delayed the full 45 days.

He referenced the profound statements of Tom Clay, a former Treasury official. Mr. Clay, he observed, has been giving dire warnings on the status of the state budget for nearly three years. With respect to state government being too large, he indicated that 80 percent of the state's \$40 billion is pass-through funding to local units of government and individuals outside of state government. These types of activities (the amount of revenue going out to local units and individuals for reimbursements on construction projects and so forth) are going to affect local units of government, local communities and local individuals. This, he noted, has been a difficult message to convey to policymakers in the Legislature. In general, he added, it's easy to see the state as a large, bloated entity, but up to 80 percent of the state's budget is pass-through that directly benefits local residents, and this message needs to be disseminated so that the general public, the policymakers, and the media have a more accurate perception of the situation. The 80 percent figure, he noted, is very profound.

Chairman Collins thanked the Commissioners for their input. He opened the floor for comments from the public.

III. PUBLIC COMMENT

Sean Brosnan, current President of the Michigan Association of Airport Executives (MAAE), made an impromptu presentation. He reported that at the time of MAAE's spring conference in February, there was a distinct possibility of losing federal funding for airports. Over the course of the evening, however, talking points were put together to get a message out to the approximately 234 airports that action was needed. He noted that Commissioner Joyce Woods was instrumental in this effort. Ultimately, the Legislature approved the Capital Outlay bill, which provided approximately \$167 million for capital airport improvements at Michigan airports. He presented a walnut plaque to Commissioner Woods in recognition of her contributions in this effort. (Applause.)

The Chairman called on Rick Hammond, Administrator, Airports Division, for an update on the Charlotte Airport.

IV. REPORTS

A. Charlotte Airport

Mr. Hammond provided a brief history on the subject. He indicated that the Charlotte Airport had been selected as a case study to demonstrate the various aspects of an airport, from start to finish, beginning with potential site selection or expansion of existing and everything in between, from environmental reviews through construction. The city of Charlotte had approached the bureau with a unique situation: several local businesses were not only thriving but using airplanes to conduct their business. The airport currently has a 3500-foot paved runway and potential for justification of a 5000-foot runway. Expansion of the current site would have involved considerable environmental impacts, local jurisdictional impacts, the closing of a road and moving a street. The city counsel requisitioned a feasibility study to look at the different options for expansion of the current site. Mr. Hammond thanked the Charlotte City Counsel and the engineering firm of Mead and Hunt for their cooperation in this study. He noted that the public was directly involved in the process.

In the beginning, it was known that the process could either lead to a situation where the airport would not extend but stay at the current site or to construction of a new general aviation airport. Mr. Hammond advised that he and aviation specialist Linn Smith had recently attended a city counsel meeting to give a presentation on the value of an airport to the community. Following the meeting, Mead and Hunt gave a presentation on the results of the site selection study, which had been narrowed to one potential site. The city counsel then voted to reject the option of relocating to a new site. Furthermore, it tabled any efforts to expand the airport.

It is the bureau's position that the issue is now closed. Mr. Hammond added that he anticipated no further updates or action on this matter.

The Chairman called on Director Abent for a "Director's Report."

B. Director's Report

Director Abent extended a personal welcome to Commissioner Dennis Fedewa and thanked the MAAE for recognizing the contributions of Commissioner Woods. Subsequently, he shared slides of staff whose achievements are noteworthy: Airport Inspector Randy Coller has been elected for the upcoming year as President of the FAA's FAAS Team (formerly the Aviation Safety Counselors). In addition, MaryKay

Trierweiler (photo shown) was recognized for her significant contributions on the publication of the *Michigan Airport Directory*.

The Director yielded to Aviation Specialist Tom Krashen for a briefing on the 14th Annual Teacher's Workshop, held May 19th in Lansing. Mr. Krashen has been spearheading the conference since its inception.

On Saturday, May 19, the bureau held its 14th annual Teacher's Workshop. Mr. Krashen noted that pretty much everyone in the building is involved in the preparation and facilitation of this event. He praised the efforts of Kim Bowman, in particular, who processes the thousands of items received for the conference throughout the year. Mr. Krashen shared photos of the hangar and atrium with the various materials provided for teachers to take back and use in their classrooms. He reported that 136 teachers participated in the workshop this year. He highlighted the bureau's relationship with Judge Michael Silver, the individual largely responsible for procuring all the items that are handed out. Judge Silver was awarded the MAC Award of Excellence in 1997 for his continued commitment to this event. Since his retirement, Judge Silver has been continuing to assist from Florida. Mr. Krashen thanked Director Abent and Ron DeCook of Governmental Affairs for their efforts to obtain a Senate resolution recognizing Judge Silver's contributions to the State of Michigan at the Annual Teacher's Workshop.

This year, the conference featured two excellent keynote speakers, Dr. Kathryn Clark, formerly NASA's chief scientist for the international space station, and Alvin Tessmer, one of 15 Michigan teachers selected to compete nationwide for the "Teachers in Space" program in 1988. Mr. Krashen shared photos of the lecturers and breakout sessions. The next Teacher's Workshop is set for May 18, 2008.

Mr. Krashen entertained questions and/or comments. (Applause.) No questions were forthcoming.

There being no further business before the Commission, the Chairman announced that the next meeting, originally planned for Howell, would be held in the Aeronautics Auditorium in Lansing on July 25, 2007. He declared the meeting adjourned. The meeting adjourned at approximately 10:50 a.m.

Director

Chairman

Dated: _____